

WORKING SESSION - MAY 14, 1992

The working session of the Ann Arbor City Council was called to order at 7:05 p.m. in the City Hall Council Chamber by Mayor Elizabeth S. Brater.

ROLL CALL OF COUNCIL

PRESENT: Councilmembers Larry Hunter, Ann Marie Coleman, Kirk D. Dodge, Peter Fink, Robert C. Grady, Nelson K. Meade, Kurt Zimmer, Peter Nicolas, Thais Anne Peterson, Robert Eckstein, Mayor Elizabeth S. Brater, 9.

ABSENT : Councilmembers Kirk D. Dodge, Robert Eckstein, 2.

FEE STUDY

Finance Director A. Dean Moore introduced consultants Bill Maxwell and Jeff Gootas of David M. Griffith and Associates, Ltd. who presented the user fee study for the City of Ann Arbor and answered questions from Council.

Mr. Maxwell reported that the study is intended to be a costing analysis of services provided by the City as well as a revenue analysis which examines revenue generated by existing fee schedules and identifies areas where the City can adjust fees to reduce or eliminate the level of "subsidy" (portion of service cost not covered by the fee).

Mr. Maxwell explained that the fee study uses a cost-based approach in which services are priced in relation to their costs, but that non-cost factors should also be considered when establishing fees. Such factors include type of service user, market demands, whether service use should be encouraged or discouraged, and whether service is also provided by the private sector or another public agency.

Mr. Maxwell stated that a summary of the recommendations are found in the document entitled "Cost/Revenue Analysis." He reported that current fee revenue covers approximately 50% of the costs and that the study identifies over \$2.6 million in recommended fee increases. Mr. Maxwell commented that the City has a substantial potential for increasing its revenue through user fees.

The following documents, provided by David M. Griffith & Associates, Ltd., are on file in the City Clerk's Office: "Fees for Services, Cost/Revenue Analysis, Fiscal 1991/92", "Fees for

Services, Market Survey, Fiscal 1992", and "A Central Services Full Cost Allocation Plan, Fiscal 1992". (Filed in February 18, 1992 Council Master File, under Communications from the City Administrator)

ADJOURNMENT

There being no further business to come before Council, it was moved by Councilmember Coleman that the meeting be adjourned.

On a voice vote the Chair declared the motion carried and the meeting adjourned at 8:15 p.m.

Janet L. Chapin
Acting Clerk of the Council
Recording Secretary